

TO PROVIDE FUNDS FOR THE EXPENSES OF THE INVESTIGATION
AND STUDY OF THE EXPLORATION AND EXPLOITATION OF THE
OUTER CONTINENTAL SHELF TO BE CONDUCTED BY THE AD HOC
SELECT COMMITTEE ON THE OUTER CONTINENTAL SHELF.

MARCH 2, 1976.—Referred to the House Calendar and ordered to be printed

Mr. THOMPSON, from the Committee on House Administration,
submitted the following

REPORT

[To accompany H. Res. 1021]

The Committee on House Administration, to whom was referred the resolution (H. Res. 1021) having considered the same, report favorably thereon without amendment and recommend that the resolution do pass. By voice vote, a quorum being present, the committee adopted a motion to report House Resolution 1021.

House Resolution 1021 provides funds in the amount of \$150,000 to support the investigations and studies of the Ad Hoc Select Committee on Outer Continental Shelf, during the remainder of the 94th Congress. The following summary is a brief statement of the past financial operations of the Committee.

Summary of authorizations and expenditures

Authorization, H. Res. 427.....	\$150,000.00
Authorization expended.....	153,441.52
Unexpended balance.....	¹ —3,441.52
Average rate of spending per month.....	21,920
Lowest spending in 1 month (June 1975).....	12,448
Highest spending in 1 month (August 1975).....	36,721
¹ Reconciled with Finance Office books—Deficit accounted for as follows:	
Revised policy on rental of hearing rooms.....	\$2,944.09
Overpayments being recollected.....	634.61
Subtotal.....	3,578.70
Committee funds.....	—137.18
Total.....	—3,441.52

Breakdown of expenditures

Salaries -----	\$93,789.20
Travel -----	47,400.10
Telephone and telegraph -----	2,687.05
Duplication -----	2,188.67
Stationery and Supplies -----	1,837.25
Miscellaneous -----	5,488.65
Witness fee -----	50.60
Total -----	153,441.52

Personnel statistics

Number of employees:

Investigative committee staff: ²

June 1975 -----	6.0
December 1975 -----	20.0
Average for period -----	16.1

Payroll changes:

Investigative committee staff:

Additions -----	22
Removals -----	8
Net -----	14

² Initial staffing.

In a budget submitted to the Committee on House Administration in support of House Resolution 1021, the Honorable John M. Murphy, chairman of the Ad Hoc Select Committee on the Outer Continental Shelf, outlined the Committee's need for funds as follows:

The Ad Hoc Select Committee on Outer Continental Shelf (OCS) was established on April 22, 1975, pursuant to House Resolution 412. The Committee is composed of Members from the Merchant Marine and Fisheries, Interior and Insular Affairs, and Judiciary Committees, and was established to consider and report to the House on H.R. 6218, a bill dealing with the development and management of our offshore oil and gas resources. Pursuant to House Resolution 412, the Select Committee was required to report to the full House on H.R. 6218 by January 31, 1976. However, because of the complexity of the issues raised by H.R. 6218, which are discussed more fully later in this report, the reporting date has been extended to March 31, 1976. In its original request for funding before this Subcommittee, the Select Committee requested \$350,000 to carry out its mandate. After discussion in the House Administration Committee, the amount was reduced to \$150,000. (Page H4603, Congressional Record, May 22, 1975).

As Chairman of the Select Committee, I am pleased to report that over the past seven months we have compiled a full and strong record. Since its establishment, the Committee has examined intensively the variety of issues relating to the exploration, production, and management of offshore oil and gas. It has held public hearings in 14 different cities—in Washington, on the Gulf of Mexico, and along our Atlantic and Pacific Coasts. In all, it has heard more than 300 witnesses and taken over 8,000 pages of testimony from officials of the Federal, State and local government, representatives of the oil and natural gas industry, representatives of the fishing industry, geologists, economists, labor organizations, environmental organizations and citizens' groups. The Committee has also been briefed by the Department of the Interior, the Congressional Research Service, the American Association of Petroleum Geologists, and the American Petroleum Insti-

tute. And finally, the Committee has inspected drilling operations off Louisiana, near Santa Barbara, in the North Sea, and on the North Slope of Alaska.

The final Committee hearing was held in Washington on November 20. Immediately thereafter, the Committee turned to the last phase of its work—the preparation of its findings and the revision of H.R. 6218. Acting upon instructions from the Members, the majority and minority staff each prepared a draft revision of H.R. 6218. On December 16, the Committee held its first mark-up session, at which time there was a presentation of the revision prepared by each of the staffs. On the basis of the ensuing and continuing discussion within the Committee, the two staffs are now refining H.R. 6218 still further.

The investigative work of the Select Committee was longer than originally anticipated, but necessarily so. The Committee had to reach its own understanding of many complex issues: the geology of the outer continental shelf; the technical aspects of oil and gas exploration, production, transportation, and storage; the availability of the necessary technology for these tasks; the economic aspects of OCS oil and gas operations; the economic justification for existing and proposed arrangements for federal leasing of offshore tracts; the relationship between oil and gas operations on the outer continental shelf and the management of our marine and coastal environment; the role of the coastal states in managing the onshore effects of offshore drilling; and their need for federal assistance to assist them in this work. A descriptive analysis of the complex issues relating to the outer continental shelf—an important background document of more than 400 pages—has been completed and is now in draft form. It will soon be published as a Committee document by the Government Printing Office, and will make a significant contribution to our understanding of the historical political, and economic setting of these issues.

The complexity of the OCS issues is apparent, and the need to solicit the views of experts and of all affected parties in every part of the country, and to give these views thoughtful consideration, is the primary reason for the length of the Committee's deliberations. Moreover, this is a continuing process. Interested parties are still furnishing us with new information as it is developed and with further comments as events unfold. And we anticipate that they will continue to do so during the current phase of redrafting and mark-up. In addition, many witnesses are submitting supplemental statements providing further details on matters on which they have previously testified and answering questions that were submitted to them by Members of the Committee. These statements are still coming in, and require study and analysis.

An additional factor has been the consideration of H.R. 3981, a bill that I introduced to amend the Coastal Zone Management Act of 1972. It was referred to the Committee on Merchant Marine and Fisheries. One of the important features of H.R. 3981 is the creation of a fund to assist the coastal states in dealing with the impact of energy activities in their coastal zones. The precise nature of the fund—its form, scope, and amount—will materially affect the way in which H.R. 6218 provides for Federal assistance to the states so that they may deal with the impact of OCS oil and gas operations. The most reasonable way to proceed, therefore, has been to permit the House to act first

on H.R. 3981. The bill was marked up by the Subcommittee on Oceanography of the Merchant Marine and Fisheries Committee in the fall, and the full Committee, after four lengthy mark-up sessions reported the bill on February 4, 1976. The work on this complicated bill was done in the main by the same staff that is working on the bill before the OCS Committee.

The work of the Select Committee is of paramount importance to the nation. H.R. 6218 deals with the development of new energy resources—the very lifeblood of the country. Since these are resources which the Federal Government holds in trust for the American people, new legislation must ensure that the Government secures a fair return for its leases off the outer continental shelf. At the same time, new legislation must provide the necessary incentives to ensure that oil and gas production is accelerated and that the roadblocks presently holding up development are removed.

The Select Committee is also very conscious of the fact that OCS oil and gas production can have a significant impact on the marine and coastal environment. New legislation must ensure that the marine environment is protected and that state and local governments can deal effectively with the onshore impact. For the latter task, Federal assistance to State and local governments will be essential.

These then are the objectives the Select Committee is seeking in the revision of H.R. 6218. They can only be achieved through a balancing process, which raises many difficult questions. How do we provide the oil industry with adequate incentives to develop the offshore resources and still ensure that the public receives a fair return for what are its resources? How do we promote competition among oil companies and still ensure that the job is efficiently and safely done? How do we provide for adequate protection of the environment and still not delay development unnecessarily? How do we increase state participation in the decisionmaking process without causing costly delays? Finding the proper point of balance is not an easy matter.

The task of the Select Committee has been complicated and to some extent delayed by the unwillingness of the Administration to adopt a new approach. Thus far, the Administration has taken the view that no change is needed in the existing legislation for the leasing of OCS lands, and that we should lease unexplored lands off the Atlantic and Pacific Coasts and in the Gulf of Alaska in much the same manner as we have always leased OCS lands. The Administration has ignored the views of experts that new leasing arrangements are necessary. It has also ignored the demands of the coastal states for a voice in the development of OCS oil and gas and for assistance in dealing with the onshore impact of this development—even in the face of lawsuits, which breed confusion and uncertainty and can only retard OCS oil and gas development.

As Chairman of the Select Committee, I, and the Ranking Republican, Mr. Fish, repeatedly called upon the Administration to pause until the Congress can enact remedial legislation amending the Outer Continental Shelf Lands Act so that we can resolve the existing problems and bring the current uncertainties to an end. We sought audiences with the President to present our findings in California and Alaska to warn him of the consequences of a rush to execution of the lease sales in these frontier areas. But the Administration refused and

plunged ahead under outmoded legislation. We have now begun to see the consequences of the Administration's refusal to pause. On December 11, 1975, the Department of the Interior opened bids for 1.25 million acres off the coast of Southern California, the first such sale of shelf lands in a hitherto unexplored area. Before the sale, the Department was predicting that as much as \$2 billion would be offered. As matters turned out, the oil industry bid on only 400,000 acres and the acceptable bids totalled only \$417 million. The results were very disappointing, and much of the blame must be attributed to the unwillingness of the Administration to wait for remedial legislation which would modernize the Outer Continental Shelf Lands Act.

The Department of the Interior recently released its final Environmental Impact Statement for the lease sale in the Northern Gulf of Alaska, now scheduled for February. In the impact statement, Interior pointed out the serious environmental hazards associated with oil and gas development in the Northern Gulf of Alaska. It also set a small value on the benefits of development there. In the light of these findings, I hope the Administration will listen to the dictates of reason and take the only rational course of action: postpone the lease sale off Alaska until Congress had had a full and complete opportunity to act on new legislation.

The Committee is now at a crucial state in its deliberations. As I indicated earlier, public hearings have been concluded, and the first mark-up session on the bill was held on December 16, 1975. The Committee was presented with a draft Committee Print of H.R. 6218 containing a combination of majority and minority recommendations. There were large areas of agreement among the Members on the major issues but there are still major areas of disagreement, and the staff is now preparing a revised Committee Print. There will be further mark-up sessions in February and early March, and this process will in the end produce a final bill.

At this point, I would like to comment on the expenses that the Committee has incurred thus far.

First, let me emphasize that the Select Committee has done all the work outlined above with the assistance of a minimal staff. You may recall that when the Committee was originally formed, I argued for sufficient funds to support a full-time staff devoted entirely to the work of this Committee. I was overruled, and in consequence the Committee was forced to work with staff members borrowed from other Committees. Unfortunately, these staff members were not always available to do the work necessary because they were tied down with the work of their own standing Committees. And there was much work to be done. The bill is complex, the issues are delicate, and the objectives are of the utmost importance. Given the priority I attach to this legislation, there was simply no way to do the necessary work with a part-time staff. For that reason, I and the minority found it necessary to hire a small professional staff to devote itself entirely to OCS legislation. This staff has proven to be very competent and has done an excellent job. It is making an important contribution to the final bill.

Second, I want to point out that the Committee has made every effort to keep its operating expenses as low as possible. On three of our trips (including our longest trip—to California and Alaska), the

Committee traveled by military aircraft; and on the shortest trip (to Ocean City, Maryland), the Committee and staff traveled by car pool. Unfortunately, the Committee has incurred unanticipated expenses. We did not anticipate, for example, that eleven Members of the Committee would participate in the California-Alaska trip. I was pleased by this participation (particularly since this was one of our most informative sessions), but the consequence was that costs were much larger than anticipated. Another factor contributing to higher expenses was the fact that the Select Committee was drawn from three permanent Committees. Because of this arrangement, Committee trips necessarily included professional staff members, both majority and minority, from all three Committees. Finally, there were more hearings than we originally envisioned. At the special request of Committee Members, two sets of hearings (in Philadelphia and New Jersey and Ocean City, Maryland) were scheduled—and at additional cost to the Committee.

It is obvious that the work of the Select Committee is crucial to the future economic well-being of the nation. We will enact legislation that will literally affect an enterprise that will entail hundreds of billions of dollars. In order that the Committee may complete its work an additional appropriation of funds is essential. I hope to reduce the staff as the Committee passes through the various stages of mark-up. I want to point out, however, that this is a very important period in the process of developing a final bill, and that the Committee will continue to need professional assistance of high quality.

In sum, the Select Committee has now finished the investigatory phase of its work and the initial revision of H.R. 6218. It is now entering the final phase of its work: formal mark-up within the Committee, consideration by the Full House and conference with the Senate (which has already enacted a bill for the development and management of OCS oil and gas). For this final phase, the staff requirements will change. There will be less need for a general staff of the sort required when active hearings were being held. My budget request for the current year reflects this. I have noted that there will be a periodic reduction of the general staff. On the other hand, there will be a significant need for assistance from professional specialists, selected from among lawyers, political scientists, and engineers who are knowledgeable about the economics of the oil industry, leasing arrangements, federal-state relations, environmental law and policy, and safety in oceanic operations. The need will exist for only a short period of time, but it is a need that must be met when H.R. 6218 is being cast into definitive form by the House. I would add that it is a need that can only be met by special hiring.

During our initial work, I secured assistance from the Library of Congress (notably the staff of its Ocean and Coastal Resources Project), from the Congress' Office of Technology Assessment, and substantial help from technical experts in the Executive Branch. For some of the more general duties related to the hearings, I took on summer interns and hired a small staff of young people, most of them between college semesters this past summer. While they lacked experience, they were eager, intelligence and industrious; and they provided considerable help during the course of an arduous hearing schedule.

I am convinced it would be a serious mistake to rely heavily during this crucial period of our work on experts who are not in direct employ of the House. My new budget, therefore, reflects an amount for the temporary use of the necessary specialists.

Before submitting my budget request, I reviewed the request to ensure that it is as modest as possible yet it will enable us to arrive at legislation that will best serve the interests of the American people. I think you will agree that it is minimal for the remaining work of the Select Committee. I repeat that this work will have a direct bearing on the future development of the nation's largest remaining source (until now relatively untapped) of domestic oil and gas, and thereby on the economic well-being of the American people.

In view of the foregoing, I hereby request a supplemental authorization of \$150,000 to carry the Select Committee through the legislative process.

Proposed budget for Ad Hoc Select Committee on the Outer Continental Shelf

	<i>Amount</i>
Payroll	\$130,923.09
Travel	3,500.00
Duplication	5,250.00
Periodicals	175.00
Telephone and telegraph	7,000.00
Stationery	2,450.00
Miscellaneous	700.00
Total	149,998.09

